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June 28, 2023

VIA ECF

Honorable Lisa G. Beckerman
United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

Re: ERBO Properties LLC, et al.
Chapter 11 Case No.: 23-10210 (LGB)

Dear Judge Beckerman:

Enclosed please find a loan commitment in the amount of \$5,000,000 from a private lender to Magnolia Ridge Development LLC (the "Borrower"). The Borrower owns approximately 60 acres of land in a residential development in Magnolia, Texas. Hershel Klein is the Borrower's managing member and majority owner. Mr. Klein is also the personal guarantor of the loan. The Lender is an entity owned and/or controlled by Morris Meisels. Also attached is a copy of the first page of Mr. Meisels' bank statement at Capital One Bank reflecting available cash to make the loan.

Magnolia is prepared to contribute the entire amount of the loan to fund Erbo's plan of reorganization including the cost of carrying Erbo's property pending the sale and/or stabilization. Mr. Klein and Mr. Meisels will make themselves available for a deposition regarding the loan.

In view of the UCC sale scheduled for July 10, 2023 at 9:30 a.m. and the 10:00 a.m. continued hearing on the lift stay motion, the Debtor will be requesting a very short adjournment of the July 10th hearing in order for the Debtor to file an amended disclosure statement and plan of reorganization to address the deficiencies highlighted by the Court and the various objections.

Very truly yours,

/s/ Scott S. Markowitz

Scott S. Markowitz

SSM:sn
Enclosures

CAPITAL M ACQUISITIONS, LLC
42 Walton Street
Brooklyn, New York 11206

TERM SHEET

June 27, 2023

Dear Mr. Klein:

Capital M Acquisitions, LLC ("Lender") has consented to a request from Borrower (as such term is defined below) that Lender provide a loan (the "Loan") to be secured by the Property and such other security all as more particularly described below provided that the Loan is structured on the terms and conditions outlined below:

Property:	The Loan shall be secured as a first lien to be recorded against the premises known as 55 acres in the magnolia ridge development in Magnolia, Texas.
Property Type:	Land
Total Loan Amount:	\$5,000,000 Line of Credit (the "Line")
Construction Holdback:	N/A
Term:	30 Months (prepayment permitted without penalty)
Interest Rate:	10%
Draws:	Borrower entitled to draws from the Line in any amount every thirty days
Extension option:	One extension option for 12 months
Borrower:	Magnolia Ridge Development LLC
Recourse:	Full recourse
Title:	Borrower shall provide a Title Report and Title Insurance to the satisfaction of the Lender's counsel.
Guarantor:	Hershel Klein
Fees and Expenses:	Lender may charge all reasonable fees to cover third party costs, such as, but not limited to, legal and appraisal fee.
Insurance:	Borrower shall provide insurance certificates satisfactory to Lender.

Loan Closing:

The loan shall close no later than October 27, 2023. If the loan does not close by such date, this Term Sheet shall expire.

By executing this term sheet, Borrower and Lender are acknowledging the acceptance of the terms and conditions relating to the proposed loan described herein.

Capital M Acquisitions, LLC

A handwritten signature in black ink, appearing to read 'Morris Meisels', written over a horizontal line.

By: Morris Meisels

Magnolia Ridge Development LLC

A handwritten signature in black ink, appearing to read 'Hershel Klein', written over a horizontal line.

By: Hershel Klein



MORRIS MEISELS
42 WALTON STREET APT 4A
BROOKLYN NY 11206



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Here's your **May 2023** bank statement.

STATEMENT PERIOD
Apr 1 - May 31, 2023

\$9,462,090.09

TOTAL ENDING BALANCE
IN ALL ACCOUNTS

Account Summary

ACCOUNT NAME	Apr 1	May 31
360 Checking...	\$100.04	\$100.06
Simply Checking - Trust...	\$2,696.91	\$3,608.91
360 Performance Savings...	\$19,913,099.88	\$9,456,374.45
360 Performance Savings...	\$1,994.73	\$2,006.67
All Accounts	\$19,917,891.56	\$9,462,090.09

Cashflow Summary

+ \$109,333.20	INTEREST EARNED THIS PERIOD
- \$0.00	OVERDRAFT AND RETURN ITEM FEES THIS PERIOD
- \$0.00	FINANCE CHARGES THIS PERIOD